

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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| -----X | |
| RAPTOR TRADING SYSTEMS, INC., | : No. 16-CV-3430 (RA) |
| | : |
| Plaintiff, | : |
| | : |
| v. | : |
| | : |
| DAVID BETH and MICHAEL WALLACH, | : |
| | : |
| Defendants. | : |
| -----X | |
| MICHAEL WALLACH and DAVID BETH, | : No. 16-CV-5392 (RA) |
| | : |
| Plaintiffs, | : |
| | : |
| v. | : |
| | : |
| THEODOROS LARDOS, MARK HINMAN, | : |
| NELSON IGNACIO, and ALEJANDRO GIL, | : |
| | : |
| Defendants | : |
| -----X | |

**RULE 26(a)(1) INITIAL DISCLOSURES OF
MICHAEL WALLACH AND DAVID BETH**

Michael Wallach ("Wallach") and David Beth ("Beth"), by their attorneys, O'Hare Parnagian LLP, disclose the following pursuant to Rule 26(a)(1) of the Federal Rules of Civil Procedure:

1. **The name and, if known, the address and telephone number of each individual likely to have discoverable information—along with the subjects of that information—that the disclosing party may use to support its claims or defenses:**
 - a. Michael Wallach
c/o O'Hare Parnagian LLP
82 Wall Street, Suite 300
New York, NY 10005
(212) 425-1401

Information concerning: (1) negotiation of the Raptor/OMEX transaction, including negotiation of the Term Sheet, the Put/Call Agreement, the

Stockholders and Management Agreement, the Promissory Note, and related transaction documents and (2) the parties' agreement regarding the "Call Price."

- b. David Beth
c/o O'Hare Parnagian LLP
82 Wall Street, Suite 300
New York, NY 10005
(212) 425-1401

Information concerning: (1) negotiation of the Raptor/OMEX transaction, including negotiation of the Term Sheet, the Put/Call Agreement, the Stockholders and Management Agreement, the Promissory Note, and related transaction documents and (2) the parties' agreement regarding the "Call Price."

- c. Theodoros Lardos
c/o Anderson Kill P.C.
1251 Avenue of the Americas
New York, NY 10020
(212) 278-1000

Information concerning: (1) negotiation of the Raptor/OMEX transaction, including negotiation and drafting of the Term Sheet, the Put/Call Agreement, the Stockholders and Management Agreement, the Promissory Note, and related transaction documents; (2) the parties' agreement regarding the "Call Price"; (3) the decision to exercise and the purported exercise of the "Call Option" by Raptor Trading Systems, Inc. ("Raptor"); (4) meetings of Raptor's Board of Directors from February 17, 2015 to the present; (5) the decision to terminate and the purported termination of Wallach's and Beth's position as Class D representatives to Raptor's Board of Directors, including but not limited to the termination of compensation payable to Wallach and Beth in their capacities as Class D Representatives; (6) the purported deferral of Raptor's first installment payment under the Promissory Note; (7) the actual or contemplated sale of Raptor or other extraordinary transaction involving Raptor, including but not limited to actual or contemplated transactions with IRESS Limited or any of its affiliates ("IRESS").

- d. Mark Hinman
c/o Anderson Kill P.C.
1251 Avenue of the Americas
New York, NY 10020
(212) 278-1000

Information concerning: (1) negotiation of the Raptor/OMEX transaction, including negotiation and drafting of the Term Sheet, the Put/Call Agreement, the Stockholders and Management Agreement, the Promissory Note, and related transaction documents; (2) the parties' agreement regarding the "Call Price"; (3) the decision to exercise and the purported exercise of the "Call Option" by Raptor; (4) meetings of Raptor's Board of Directors from February 17, 2015 to

the present; (5) the decision to terminate and the purported termination of Wallach's and Beth's position as Class D representatives to Raptor's Board of Directors, including but not limited to the termination of compensation payable to Wallach and Beth in their capacities as Class D Representatives; (6) the purported deferral of Raptor's first installment payment under the Promissory Note; (7) the actual or contemplated sale of Raptor or other extraordinary transaction involving Raptor, including but not limited to actual or contemplated transactions with IRESS.

- e. Nelson Ignacio
c/o Anderson Kill P.C.
1251 Avenue of the Americas
New York, NY 10020
(212) 278-1000

Information concerning: (1) negotiation of the Raptor/OMEX transaction, including negotiation and drafting of the Term Sheet, the Put/Call Agreement, the Stockholders and Management Agreement, the Promissory Note, and related transaction documents; (2) the parties' agreement regarding the "Call Price"; (3) the decision to exercise and the purported exercise of the "Call Option" by Raptor; (4) meetings of Raptor's Board of Directors from February 17, 2015 to the present; (5) the decision to terminate and the purported termination of Wallach's and Beth's position as Class D representatives to Raptor's Board of Directors, including but not limited to the termination of compensation payable to Wallach and Beth in their capacities as Class D Representatives; (6) the purported deferral of Raptor's first installment payment under the Promissory Note; (7) the actual or contemplated sale of Raptor or other extraordinary transaction involving Raptor, including but not limited to actual or contemplated transactions with IRESS.

- f. Alejandro Gil
c/o Anderson Kill P.C.
1251 Avenue of the Americas
New York, NY 10020
(212) 278-1000

Information concerning: (1) negotiation of the Raptor/OMEX transaction, including negotiation and drafting of the Term Sheet, the Put/Call Agreement, the Stockholders and Management Agreement, the Promissory Note, and related transaction documents; (2) the parties' agreement regarding the "Call Price"; (3) the decision to exercise and the purported exercise of the "Call Option" by Raptor; (4) meetings of Raptor's Board of Directors from February 17, 2015 to the present; (5) the decision to terminate and the purported termination of Wallach's and Beth's position as Class D representatives to Raptor's Board of Directors, including but not limited to the termination of compensation payable to Wallach and Beth in their capacities as Class D Representatives; (6) the purported deferral of Raptor's first installment payment under the Promissory Note; (7) the

actual or contemplated sale of Raptor or other extraordinary transaction involving Raptor, including but not limited to actual or contemplated transactions with IRESS.

- g. Christopher C. Tsien
5950 Symphony Woods Rd., Suite 215
Columbia, MD 21044-3424
(410) 997-6870

Information concerning: (1) negotiation of the Raptor/OMEX transaction, including negotiation and drafting of the Term Sheet, the Put/Call Agreement, the Stockholders and Management Agreement, the Promissory Note, and related transaction documents and (2) the parties' agreement regarding the "Call Price."

- h. Steven D. Oppenheim
Faust Oppenheim LLP
488 Madison Avenue, 17th Floor
New York, NY 10022
(212) 751-7700

Information concerning: (1) negotiation of the Raptor/OMEX transaction, including negotiation of the Term Sheet, the Put/Call Agreement, the Stockholders and Management Agreement, the Promissory Note, and related transaction documents and (2) the parties' agreement regarding the "Call Price."

- i. Petra Davenport
Faust Oppenheim LLP
488 Madison Avenue, 17th Floor
New York, NY 10022
(212) 751-7700

Information concerning: (1) negotiation of the Raptor/OMEX transaction, including negotiation of the Term Sheet, the Put/Call Agreement, the Stockholders and Management Agreement, the Promissory Note, and related transaction documents and (2) the parties' agreement regarding the "Call Price."

2. A description by category and location of all documents, electronically stored information, and tangible things that the disclosing party has in its possession, custody, or control and may use to support its claims or defenses:

The documents described below are in the possession, custody, or control of Neff's counsel.

- a. Electronic and written correspondence
- b. Raptor/OMEX transaction documents and drafts thereof
- c. Records of payment of certain Class D representative fees

3. A computation of each category of damages claimed by the disclosing party:

The monetary damages claimed by Wallach and Beth, exclusive of prejudgment interest, include the following:

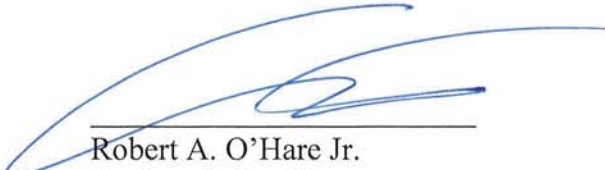
- a. \$3,265,826.88 for the difference between the purported Call Price paid by Raptor and the actual Call Price that should have been paid by Raptor.
- b. At least \$432,000 for fees owed to Wallach and Beth as Class D representatives to Raptor's Board of Directors.
- c. \$428,000 plus late payment interest as set forth in the Promissory Note for Raptor's failure to make the first installment payment due under the Promissory Note.
- d. \$2,140,000 plus accumulated interest as set forth in the Promissory Note in connection with acceleration.
- e. Damages for losses associated with being deprived of benefits of tender offer (or analogous offer) for 8% ownership stake in Raptor.

Wallach and Beth reserve the right to seek additional damages as warranted by further investigation of their claims and by discovery in the above-captioned action. Wallach and Beth will supplement this disclosure to the extent required by Fed. R. Civ. P. 26(e).

4. Any insurance agreement under which an insurance business may be liable to satisfy all or part of a possible judgment in the action or to indemnify or reimburse for payments made to satisfy the judgment:

Not applicable.

DATED: New York, New York
September 15, 2016



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Attorneys for Michael Wallach and David Beth